

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

CONTRACT BETWEEN THE UNITED STATES AND
JOHN A. DRIVER AND CLARE M. DRIVER, TRUSTEES OF THE JOHN A. AND CLARE
M. DRIVER FAMILY REVOCABLE TRUST,
DIVERTER OF WATER FROM SACRAMENTO RIVER SOURCES,
SETTLING WATER RIGHTS DISPUTES AND
PROVIDING FOR PROJECT WATER

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6 Central Valley Project, California

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8 JOHN A. DRIVER AND CLARE M. DRIVER, TRUSTEES OF THE JOHN A. AND CLARE
9 M. DRIVER FAMILY REVOCABLE TRUST,
10 DIVERTER OF WATER FROM SACRAMENTO RIVER SOURCES,
11 SETTLING WATER RIGHTS DISPUTES AND
12 PROVIDING FOR PROJECT WATER

13 THIS CONTRACT, hereinafter referred to as "Settlement Contract," is entered into
14 by THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, made this
15 ____ day of _____, 2004, pursuant to the applicable authority granted to it
16 generally in the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary thereto,
17 including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844), as amended and
18 supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, including but not
19 limited to Sections 9 and 14 thereto, July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October
20 12, 1982 (96 Stat. 1262), October 27, 1986 (100 Stat. 3050), as amended, and Title XXXIV of the
21 Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to as Federal
22 Reclamation law, and JOHN A. DRIVER AND CLARE M. DRIVER, TRUSTEES OF THE
23 JOHN A. AND CLARE M. DRIVER FAMILY REVOCABLE TRUST, hereinafter referred to
24 as the Contractor, a trust, acting pursuant to Sections 12003 and 12004 of the California Water
25 Code, with its principal place of business in California;

26 WITNESSETH, that:

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EXPLANATORY RECITALS

[1st] WHEREAS, the United States has constructed and is operating the Central Valley Project, California, for multiple purposes pursuant to its statutory authority; and

[2nd] WHEREAS, the Contractor has rights to divert, is diverting, and will continue to divert for reasonable beneficial use, water from the natural flow of the Sacramento River and tributaries thereto, that would have been flowing therein if the Central Valley Project were not in existence; and

[3rd] WHEREAS, the construction and operation of the integrated and coordinated Central Valley Project has changed and will further change the regimen of the Sacramento, American, San Joaquin, and Trinity Rivers and the Sacramento-San Joaquin Delta from unregulated flow to regulated flow; and

[4th] WHEREAS, the United States has rights to divert, is diverting, and will continue to divert waters from said Rivers and said Delta in connection with the operation of said Central Valley Project; and

[5th] WHEREAS, the Contractor and the United States had a dispute over the respective rights of the parties to divert and use water from the regulated flow of the Sacramento River which threatened to result in litigation, and as a means to settle that dispute entered into Contract No. 14-06-200-1314A, as amended, hereinafter referred to as the Existing Contract, which established terms for the delivery to the Contractor of Central Valley Project Water, and the quantities of Base Supply the United States and the Contractor agreed may be diverted by the Contractor from the Sacramento River pursuant to such contract; and

[6th] WHEREAS, the United States and the Contractor disagree with respect to the authority of the United States to change the quantities of Base Supply and/or Project Water

50 specified as available for diversion in this Settlement Contract from the quantities specified in
51 the Existing Contract, and other issues related thereto. That dispute was the subject of litigation
52 in a lawsuit entitled *Glenn-Colusa Irrigation District, et al. v. United States, et al.* [Civ. No. S-
53 01-1816 GEB/JFM (E.D. Cal.)], but that litigation was dismissed, without prejudice, pursuant to
54 a stipulation of dismissal filed by the parties thereto on August 29, 2002. Notwithstanding that
55 dismissal, the Contractor and the United States enter into this Settlement Contract to renew the
56 Existing Contract, pursuant to the terms of the Existing Contract, Federal Reclamation law, and
57 the laws of the State of California; and

58 [7th] WHEREAS, to assure the Contractor of the enjoyment and use of the regulated
59 flow of the said Rivers and the Delta, and to provide for the economical operation of the Central
60 Valley Project by, and the reimbursement to, the United States for expenditures made for said
61 Project.

62 NOW, THEREFORE, in consideration of the performance of the herein
63 contained provisions, conditions, and covenants, it is agreed as follows:

64 DEFINITIONS

65 1. When used herein, unless otherwise expressed or incompatible with the intent
66 hereof, the term:

67 (a) “Base Supply” shall mean the quantity of Surface Water established in
68 Articles 3 and 5 which may be diverted by the Contractor from the Sacramento River each month
69 during the period April through October of each Year without payment to the United States for
70 such quantities diverted;

71 (b) “Basin-Wide Water Management Plan” shall mean the mutually agreeable
72 Sacramento River Basinwide Water Management Plan, dated _____, developed by

73 Glenn-Colusa Irrigation District, Maxwell Irrigation District, Natomas Central Mutual Water
74 Company, Pelger Mutual Water Company, Princeton-Codora Glenn Irrigation District, Provident
75 Irrigation District, Reclamation District 108, Sutter Mutual Water Company, Anderson-
76 Cottonwood Irrigation District, Meridian Farms Water Company, Reclamation District 1004, and
77 the U.S. Bureau of Reclamation;

78 (c) "Charges" shall mean the payments for Project Water that the Contractor
79 is required to pay to the United States in addition to the "Rates" specified in this Settlement
80 Contract. The Contracting Officer will, on an annual basis, determine the extent of these
81 Charges. The type and amount of each Charge shall be specified in Exhibit D;

82 (d) "Contract Total" shall mean the sum of the Base Supply and Project Water
83 available for diversion by the Contractor for the period April 1 through October 31;

84 (e) "Critical Year" shall mean any Year in which either of the following
85 eventualities exists:

86 (1) The forecasted full natural inflow to Shasta Lake for the current
87 Water Year, as such forecast is made by the United States on or before February 15 and reviewed
88 as frequently thereafter as conditions and information warrant, is equal to or less than 3.2 million
89 acre-feet; or

90 (2) The total accumulated actual deficiencies below 4 million acre-feet
91 in the immediately prior Water Year or series of successive prior Water Years each of which had
92 inflows of less than 4 million acre-feet, together with the forecasted deficiency for the current
93 Water Year, exceed 800,000 acre-feet.

94 For the purpose of determining a Critical Year, the computation of inflow to
95 Shasta Lake shall be performed in a manner that considers the extent of upstream development

96 above Shasta Lake during the year in question, and shall be used as the full natural flow to
97 Shasta Lake. In the event that major construction has occurred or occurs above Shasta Lake after
98 September 1, 1963, and which has materially altered or alters the regimen of the stream systems
99 contributing to Shasta Lake, the computed inflow to Shasta Lake used to define a Critical Year
100 will be adjusted to eliminate the effect of such material alterations. After consultation with the
101 State of California, the National Weather Service, and other recognized forecasting agencies, the
102 Contracting Officer will select the forecast to be used and will make the details of it available to
103 the Contractor. The same forecasts used by the United States for the operation of the Project
104 shall be used to make the forecasts hereunder;

105 (f) “CVPIA” shall mean the Central Valley Project Improvement Act,
106 Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

107 (g) “Eligible Lands” shall mean all lands to which Project Water may be
108 delivered in accordance with Section 204 of the Reclamation Reform Act of October 12, 1982
109 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

110 (h) “Excess Lands” shall mean all lands in excess of the limitations contained
111 in Section 204 of the RRA, other than those lands exempt from acreage limitation under Federal
112 Reclamation law;

113 (i) “Full Cost Rate” shall mean that water rate described in Sections 205(a)(3)
114 or 202(3) of the RRA, whichever is applicable;

115 (j) Omitted;

116 (k) “Landholder” shall mean a party that directly or indirectly owns or leases
117 nonexempt land, as provided in 43 CFR 426.2;

118 (l) "Project" shall mean the Central Valley Project owned by the United
119 States and managed by the Department of the Interior, Bureau of Reclamation;

120 (m) "Project Water" shall mean all Surface Water diverted or scheduled to be
121 diverted each month during the period April through October of each Year by the Contractor
122 from the Sacramento River which is in excess of the Base Supply. The United States recognizes
123 the right of the Contractor to make arrangements for acquisition of water from projects of others
124 than the United States for delivery through the Sacramento River and tributaries subject to
125 written agreement between Contractor and the United States as to identification of such water,
126 which water, when so identified, shall not be deemed Project Water under this Settlement
127 Contract;

128 (n) "Rates" shall mean the payments for Project Water determined annually
129 by the Contracting Officer in accordance with the then current applicable water ratesetting
130 policies for the Project, as described in subdivision (a) of Article 8 of this Settlement Contract;

131 (o) "Secretary" or "Contracting Officer" shall mean the Secretary of the
132 Interior, a duly appointed successor, or an authorized representative acting pursuant to any
133 authority of the Secretary and through any agency of the Department of the Interior;

134 (p) "Surface Water" shall mean only those waters that are considered as
135 surface water under California law;

136 (q) "Water Year" shall mean the period commencing with October 1 of 1 year
137 and extending through September 30 of the next; and

138 (r) "Year" shall mean a calendar year.

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TERM OF SETTLEMENT CONTRACT

2. (a) This Settlement Contract shall become effective April 1, 2004, and shall remain in effect until and including March 31, 2044: Provided, that under terms and conditions mutually agreeable to the parties hereto, renewals may be made for successive periods not to exceed 40 years each. The terms and conditions of each renewal shall be agreed upon not later than 1 year prior to the expiration of the then existing Settlement Contract.

(b) With respect to Project Water and the portions of this Settlement Contract pertaining thereto, upon written request by the Contractor of the Secretary made not later than 1 year prior to the expiration of this Settlement Contract, whenever, account being taken of the amount then credited to the costs of construction of water supply works, the remaining amount of construction costs of water supply work which is properly assignable for ultimate return by the Contractor as established by the Secretary of the Interior pursuant to (3) of Section 1 of Public Law 643 (70 Stat. 483), probably can be repaid to the United States within the term of a contract under subsection 9(d) of the 1939 Reclamation Project Act (53 Stat. 1187), the relevant portions of this Settlement Contract may be converted to a contract under said subsection 9(d) upon terms and conditions mutually agreeable to the United States and the Contractor. The Secretary shall make a determination 10 years after the date of execution of this Settlement Contract, and every 5 years thereafter, of whether a conversion to a contract under said subsection 9(d) can be accomplished pursuant to Public Law 643. Notwithstanding any provision of this Settlement Contract, the Contractor reserves and shall have all rights and benefits under Public Law 643.

WATER TO BE FURNISHED TO CONTRACTOR

3. (a) Subject to the conditions, limitations, and provisions hereinafter expressed, the Contractor is hereby entitled and authorized to divert from the Sacramento River

162 at the locations shown in Exhibit A, for beneficial use within the area delineated on Exhibit B,
163 (both Exhibits are attached hereto and made a part hereof), the Contract Total designated in
164 Exhibit A, or any revision thereof.

165 (b) No sale, transfer, exchange, or other disposal of any of the Contract Total
166 designated in Exhibit A or the right to the use thereof for use on land other than that shown on
167 Exhibit B shall be made by the Contractor without first obtaining the written consent of the
168 Contracting Officer. Such consent will not be unreasonably withheld and a decision will be
169 rendered in a timely manner. For short-term actions that will occur within 1 year or less, the
170 decision will be rendered within 30 days after receipt of a complete written proposal. For long-
171 term actions that will occur in a period longer than 1 year, the decision will be rendered within
172 90 days after receipt of a complete written proposal. For a proposal to be deemed complete by
173 the Contracting Officer, it must comply with all provisions required by State and Federal law,
174 including information sufficient to enable the Contracting Officer to comply with the National
175 Environmental Policy Act, the Endangered Species Act, and applicable rules or regulations then
176 in effect; Provided that, such consent does not authorize the use of Federal facilities to facilitate
177 or effectuate the sale, transfer, exchange or other disposal of Base Supply. Such use of Federal
178 facilities will be the subject of a separate agreement to be entered into between the Contractor
179 and Reclamation.

180 (c) For the purpose of determining whether Section 3405(a)(1)(M) of the
181 CVPIA applies to the Contractor as a transferor or transferee of Project Water, the Contracting
182 Officer acknowledges that the Contractor is within a county, watershed, or other area of origin,
183 as those terms are utilized under California law, of water that constitutes the natural flow of the

184 Sacramento River and its tributaries above the confluence of the American and Sacramento
185 Rivers.

186 (d) Nothing herein contained shall prevent the Contractor from diverting
187 water during the months of November through March for beneficial use on the land shown on
188 Exhibit B or elsewhere to the extent authorized under the laws of the State of California.

189 (e) The United States assumes no responsibility for and neither it nor its
190 officers, agents, or employees shall have any liability for or on account of:

191 (1) The quality of water to be diverted by the Contractor;

192 (2) The control, carriage, handling, use, disposal, or distribution of
193 water diverted by the Contractor outside the facilities constructed and then being operated and
194 maintained by or on behalf of the United States;

195 (3) Claims of damage of any nature whatsoever, including but not
196 limited to, property loss or damage, personal injury, or death arising out of or connected with the
197 control, carriage, handling, use, disposal, or distribution of said water outside of the hereinabove
198 referred to facilities; and

199 (4) Any damage whether direct or indirect arising out of or in any
200 manner caused by a shortage of water whether such shortage be on account of errors in
201 operation, drought, or unavoidable causes.

202 RETURN FLOW

203 4. Nothing herein shall be construed as an abandonment or a relinquishment by the
204 United States of any right it may have to the use of waste, seepage, and return flow water derived
205 from water diverted by the Contractor hereunder and which escapes or is discharged beyond the
206 boundaries of the lands shown on Exhibit B; Provided, that this shall not be construed as

207 claiming for the United States any right to such water which is recovered by the Contractor
208 pursuant to California law from within the boundaries of the lands shown on Exhibit B, and
209 which is being used pursuant to this Settlement Contract for surface irrigation or underground
210 storage for the benefit of the lands shown on Exhibit B by the Contractor.

211 CONSTRAINTS ON THE AVAILABILITY OF WATER

212 5. In a Critical Year, the Contractor shall have the option to:

213 (a) Irrigate not in excess of 75 percent of their irrigable acreage shown on
214 Exhibit A; or

215 (b) Divert from the Sacramento River not in excess of 75 percent of the
216 Contract Total shown on Exhibit A, subject to the installation of measurement equipment
217 satisfactory to the Contracting Officer. The Contractor shall install, operate, and maintain this
218 equipment at the Contractor's expense. The Contractor shall submit, by April 1 of that Critical
219 Year, a written schedule to the Contracting Officer indicating the Contract Total to be diverted
220 by the Contractor during each month of that Critical Year under this Settlement Contract.

221 (c) The amount of any overpayment by the Contractor shall, at its option, be
222 refunded or credited upon amounts to become due to the United States from the Contractor under
223 the provisions hereof in the ensuing Year. To the extent of such deficiency such adjustment of
224 overpayment shall constitute the sole remedy of the Contractor.

225 INTEGRATED WATER MANAGEMENT AND PARTNERSHIPS

226 6. The Contractor and United States desire to work together to maximize the
227 reasonable beneficial use of water for their mutual benefit. As a consequence, the United States
228 and the Contractor will work in partnership and with others within the Sacramento Valley,
229 including other Contractors, to facilitate the better integration within the Sacramento Valley of

230 all water supplies including, but not limited to, the better management and integration of surface
231 water and groundwater, the development and better utilization of surface water storage, the
232 effective utilization of waste, seepage and return flow water, and other operational and
233 management options that may be identified in the future.

234 USE OF WATER FURNISHED TO CONTRACTOR

235 7. (a) Project Water furnished to the Contractor pursuant to this Settlement
236 Contract shall not be delivered or furnished by the Contractor for any purposes other than
237 agricultural purposes without the written consent of the Contracting Officer. For purposes of this
238 Settlement Contract, “agricultural purposes” includes, but is not restricted to, the irrigation of
239 crops, the watering of livestock, incidental domestic use including related landscape irrigation, or
240 underground water replenishment.

241 (b) The Contractor shall comply with requirements applicable to the
242 Contractor in biological opinion(s) prepared as a result of a consultation regarding the execution
243 of this Settlement Contract undertaken pursuant to Section 7 of the Endangered Species Act of
244 1973, as amended, that are within the Contractor’s legal authority to implement. The Contractor
245 shall comply with the limitations or requirements imposed by environmental documentation
246 applicable to the Contractor and within its legal authority to implement. The Existing Contract,
247 which evidences in excess of 40 years of diversions, for agricultural uses, of the quantities of
248 water provided for in Article 3, and the underlying water rights of the Contractor will be
249 considered in developing an appropriate base-line for the Biological Assessment prepared
250 pursuant to the Endangered Species Act, and in any other needed environmental review.

251 Nothing herein shall be construed to prevent the Contractor from challenging or seeking judicial

252 relief in a court of competent jurisdiction with respect to any biological opinion or other
253 environmental documentation referred to in this Article.

254 RATE AND METHOD OF PAYMENT FOR WATER

255 8. (a) The Contractor shall make payments to the United States as provided in
256 this Article for each acre of land irrigated in each Year.

257 Such payments shall be at Rates and Charges established in accordance with: (i)
258 the Secretary's then current ratesetting policies for the Project; and (ii) applicable Reclamation
259 law and associated rules and regulations, or policies: Provided, that if the Contractor desires to
260 use Project Water for other than agricultural use the Rates and Charges set forth above will be
261 adjusted by the Contracting Officer to the applicable Rates and Charges for such use. The Rates
262 and Charges applicable to the Contractor upon execution of this Settlement Contract are set forth
263 in Exhibit D, as may be revised annually. The Secretary's ratesetting policies for the Project
264 shall be amended, modified, or superseded only through a public notice and comment procedure.

265 (b) The Contracting Officer shall notify the Contractor of the Rates and
266 Charges as follows:

267 (1) Prior to July 1 of each Year, the Contracting Officer shall provide
268 the Contractor an estimate of the Charges for Project Water that will be applied to the period
269 October 1, of the current Year, through September 30, of the following Year, and the basis for
270 such estimate. The Contractor shall be allowed not less than 2 months to review and comment
271 on such estimates. On or before September 15 of each Year, the Contracting Officer shall notify
272 the Contractor in writing of the Charges to be in effect during the period October 1 of the current
273 Year, through September 30, of the following Year, and such notification shall revise Exhibit D.

274 (2) Prior to October 1 of each Year, the Contracting Officer shall make
275 available to the Contractor an estimate of the Rates for Project Water for the following Year and
276 the computations and cost allocations upon which those Rates are based. The Contractor shall be
277 allowed not less than 2 months to review and comment on such computations and cost
278 allocations. By December 31 of each Year, the Contracting Officer shall provide the Contractor
279 with the final Rates to be in effect for the upcoming Year, and such notification shall revise
280 Exhibit D.

281 (c) The Contractor shall pay the United States for Project Water in the
282 following manner:

283 (1) With respect to Rates and Charges, on or before May 1 of each
284 Year, the Contractor shall pay the United States one-half the total amount payable pursuant to
285 subdivision (a) of this Article and the remainder shall be paid on or before July 1 or such later
286 date or dates as may be specified by the United States in a written notice to the Contractor.

287 (2) The amount to be paid on or before May 1 of each Year shall be
288 based on a written estimate, provided to the Contracting Officer by the Contractor on or before
289 April 1 of each Year, of the total area to be irrigated during the ensuing irrigation season.

290 (3) The amount to be paid on or before July 1 shall be equal to the
291 difference between the amount paid on May 1 and the total amount due for the Year, based on
292 the total area actually irrigated prior to July 1.

293 (4) If additional areas are placed under irrigation on or after July 1,
294 additional payment shall be made in advance of such additional irrigation at the Rates and
295 Charges shown in Exhibit D for each additional acre placed under irrigation.

296 (d) Payments to be made by the Contractor to the United States under this
297 Settlement Contract may be paid from any revenues available to the Contractor.

298 (1) All revenues received by the United States from the Contractor
299 relating to the delivery of Project Water or the delivery of non-Project Water through Project
300 facilities shall be allocated and applied in accordance with Federal Reclamation law and the
301 associated rules or regulations, and the then current Project ratesetting policies for irrigation
302 water.

303 (e) The Contracting Officer shall keep its accounts pertaining to the
304 administration of the financial terms and conditions of its long-term water service and Settlement
305 Contracts, in accordance with applicable Federal standards, so as to reflect the application of
306 Project costs and revenues. The Contracting Officer shall, each Year upon request of the
307 Contractor, provide to the Contractor a detailed accounting of all Project and Contractor expense
308 allocations, the disposition of all Project and Contractor revenues, and a summary of all water
309 delivery information. The Contracting Officer and the Contractor shall enter into good faith
310 negotiations to resolve any discrepancies or disputes relating to accountings, reports, or
311 information.

312 (f) The parties acknowledge and agree that the efficient administration of this
313 Settlement Contract is their mutual goal. Recognizing that experience has demonstrated that
314 mechanisms, policies, and procedures used for establishing Rates and Charges and/or for making
315 and allocating payments, other than those set forth in this Article may be in the mutual best
316 interest of the parties, it is expressly agreed that the parties may enter into agreements to modify
317 the mechanisms, policies, and procedures for any of those purposes while this Settlement
318 Contract is in effect without amendment of this Settlement Contract.

319 (g) For the term of this Settlement Contract, Rates under the respective
320 ratesetting policies for the Project will be established to recover only reimbursable operation and
321 maintenance (including any deficits) and capital costs of the Project, as those terms are used in
322 the then-current Project ratesetting policies, and interest, where appropriate, except in instances
323 where a minimum Rate is applicable in accordance with the relevant Project ratesetting policy.
324 Proposed changes of significance in practices which implement the ratesetting policies for the
325 Project will not be implemented until the Contracting Officer has provided the Contractor an
326 opportunity to discuss the nature, need, and impact of the proposed change. The Contractor
327 retains all rights to challenge the validity of Rates and Charges imposed pursuant to this
328 Settlement Contract, including but not limited to operation and maintenance expenses and
329 operation and maintenance deficits, in an appropriate administrative or judicial proceeding.

330 (h) Except as provided in subsection 3405(a)(1)(B) of the CVPIA, the Rates
331 for Project Water transferred, exchanged, or otherwise disposed of, by the Contractor shall be the
332 Contractor's Rates adjusted upward or downward to reflect the changed costs of delivery (if any)
333 of the transferred, exchanged, or otherwise disposed of Project Water to the transferee's point of
334 delivery in accordance with the then-current ratesetting policies for the Project. Except as
335 provided in subsection 3407(d)(2)(A) of the CVPIA, the Charges for Project Water transferred,
336 exchanged, or otherwise disposed of, by the Contractor shall be the Contractor's Charges
337 specified in Exhibit D. If the Contractor is receiving lower Rates and Charges because of
338 inability to pay and is transferring, exchanging, or otherwise disposing of Project Water to
339 another entity whose Rates and Charges are not adjusted due to inability to pay, the Rates and
340 Charges for transferred, exchanged, or otherwise disposed of Project Water shall be the
341 Contractor's Rates and Charges unadjusted for ability to pay.

342 (i) Pursuant to the Act of October 27, 1986 (100 Stat. 3050), the Contracting
343 Officer is authorized to adjust determinations of ability to pay every 5 years.

344 (j) Each payment to be made pursuant to subdivisions (a) and (b) of this
345 Article shall be made at the office of the Bureau of Reclamation, Mid-Pacific Region, File No.
346 11546, P.O. Box 6000, San Francisco, California, 94160-1546, or at such other place as the
347 United States may designate in a written notice to the said Contractor. Payments shall be made
348 by cash transaction, wire, or any other mechanism as may be agreed to in writing by the
349 Contractor and the Contracting Officer. In event there should be a default in the payment of the
350 amount due, the delinquent payment provisions of Article 13 shall apply. The Contractor shall
351 not be relieved of the whole or any part of its said obligation by, on account of, or
352 notwithstanding, as the case may be its failure, refusal, or neglect to divert the quantity of Project
353 Water shown on Exhibit A.

354 AGREEMENT ON WATER QUANTITIES

355 9. (a) During the term of this Settlement Contract and any renewals thereof:

356 (1) It shall constitute full agreement as between the United States and
357 the Contractor as to the quantities of water and the allocation thereof between Base Supply and
358 Project Water which may be diverted by the Contractor from the Sacramento River for beneficial
359 use on the land shown on Exhibit B which said diversion, use, and allocation shall not be
360 disturbed so long as the Contractor shall fulfill all of its obligations hereunder;

361 (2) Neither party shall claim any right against the other in conflict with
362 the provisions of Article 9(a)(1) hereof.

363 (b) Nothing herein contained is intended to or does limit rights of the
364 Contractor against others than the United States or of the United States against any person other

365 than the Contractor: Provided, however, that in the event the Contractor, the United States, or
366 any other person shall become a party to a general adjudication of rights to the use of water of
367 the Sacramento River system, this Settlement Contract shall not jeopardize the rights or position
368 of either party hereto or of any other person and the rights of all such persons in respect to the
369 use of such water shall be determined in such proceedings the same as if this Settlement Contract
370 had not been entered into, and if final judgment in any such general adjudication shall determine
371 that the rights of the parties hereto are different from the rights as assumed herein, the parties
372 shall negotiate an amendment to give effect to such judgment. In the event the parties are unable
373 to agree on an appropriate amendment they shall, within 60 days of determining that there is an
374 impasse, employ the services of a neutral mediator, experienced in resolving water rights
375 disputes, to assist in resolving the impasse. The cost of the mediation will be shared equally. A
376 failure to reach agreement on an amendment within 60 days of the end of mediation will cause
377 the immediate termination of this Settlement Contract.

378 (c) In the event that the California State Water Resources Control Board or a
379 court of competent jurisdiction issues a final decision or order modifying the terms and
380 conditions of the water rights of either party to this Settlement Contract in order to impose Bay-
381 Delta water quality obligations, the Contractor and the United States shall promptly meet to
382 determine whether or not to modify any of the terms of this Settlement Contract to comply with
383 the final decision or order, including, but not limited to, the applicability of the rescheduling
384 charge in Article 3(c)(1) of this Settlement Contract. If within 60 days of the date of the issuance
385 of the final decision or order the parties are not able to reach agreement regarding either the need
386 to modify this Settlement Contract or the manner in which this Settlement Contract is to be
387 modified, the parties shall promptly retain a neutral mediator, experienced in resolving water

388 right disputes, to assist the parties in resolving their dispute. The cost of the mediator shall be
389 shared equally. In the event that either of the parties to this Settlement Contract determines that
390 the parties will not be able to develop mutually-agreeable modification(s) to this Settlement
391 Contract even with the assistance of a mediator, either of the parties to this Settlement Contract
392 may attempt to resolve the impasse by seeking appropriate judicial relief including, but not
393 limited to, filing a general adjudication of the rights to the use of water in the Sacramento River
394 system. The foregoing provisions of this sub-article shall only apply to the incremental
395 obligations contained within a final decision or order of the State Water Resources Control
396 Board that reflects a modification to the obligations imposed in State Water Resources Control
397 Board Revised Water Rights Decision 1641 dated March 15, 2000, and its associated 1995 Water
398 Quality Control Plan which, taken together, will be considered the baseline for the application of
399 the provisions of this sub-article.

400 (d) In the event this Settlement Contract terminates, the rights of the parties to
401 thereafter divert and use water shall exist as if this Settlement Contract had not been entered into;
402 and the fact that as a compromise settlement of a controversy as to the respective rights of the
403 parties to divert and use water and the yield of such rights during the term hereof, this Settlement
404 Contract places a limit on the Contract Total to be diverted annually by the Contractor during the
405 Settlement Contract term and segregates it into Base Supply and Project Water shall not
406 jeopardize the rights or position of either party with respect to its water rights or the yield thereof
407 at all times after the Settlement Contract terminates. It is further agreed that the Contractor at all
408 times will first use water to the use of which it is entitled by virtue of its own water rights, and
409 neither the provisions of this Settlement Contract, action taken thereunder, nor payments made
410 thereunder to the United States by the Contractor shall be construed as an admission that any part

411 of the water used by the Contractor during the term of this Settlement Contract was in fact water
412 to which it would not have been entitled under water rights owned by it nor shall receipt of
413 payments thereunder by the United States from the Contractor be construed as an admission that
414 any part of the water used by the Contractor during the term of this Settlement Contract was in
415 fact water to which it would have been entitled under water rights owned by it.

416 MEASUREMENT OF WATER

417 10. (a) All water diverted by the Contractor from the Sacramento River will be
418 diverted at the existing point or points of diversion shown on Exhibit A or at such other points as
419 may be mutually agreed upon in writing by the Contracting Officer and the Contractor.

420 (b) The right of ingress to and egress from all points of diversion is hereby
421 granted to all authorized employees of the United States. The Contractor also hereby grants to
422 the United States the right to install, operate, maintain, and replace measuring equipment on
423 diversion or carriage facilities at each point of diversion as the Contracting Officer deems
424 necessary.

425 (c) The Contractor shall not modify, alter, remove, or replace diversion
426 facilities or do any other act which would alter the effectiveness or accuracy of the measuring
427 equipment installed by the United States or its representatives unless and until the Contracting
428 Officer has been notified with due diligence and has been given an opportunity to modify such
429 measuring equipment in such manner as may be necessary or appropriate. In the event of an
430 emergency the Contractor shall notify the United States within a reasonable time thereafter as to
431 the existence of the emergency and the nature and extent of such modification, alteration,
432 removal, or replacement of diversion facilities.

433 (d) The Contractor shall pay the United States for the costs to repair, relocate,
434 or replace measurement equipment when the Contractor modifies, alters, removes, or replaces
435 diversion or carriage facilities.

436 RULES AND REGULATIONS

437 11. The parties agree that the delivery of Project Water for irrigation use or use of
438 Federal facilities pursuant to this Settlement Contract is subject to Federal Reclamation law,
439 including but not limited to, the Reclamation Reform Act of 1982 (43 U.S.C.390aa et seq.), as
440 amended and supplemented, and the rules and regulations promulgated by the Secretary of the
441 Interior under Federal Reclamation law.

442 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

443 12. (a) The obligation of the Contractor to pay the United States as provided in
444 this Settlement Contract is a general obligation of the Contractor notwithstanding the manner in
445 which the obligation may be distributed among the Contractor's water users and notwithstanding
446 the default of individual water users in their obligations to the Contractor.

447 (b) The payment of Charges becoming due hereunder is a condition precedent
448 to receiving benefits under this Settlement Contract. The United States shall not make water
449 available to the Contractor through Project facilities during any period in which the Contractor
450 may be in arrears in the advance payment of water Rates due the United States. The Contractor
451 shall not furnish water made available pursuant to this Settlement Contract for lands or parties
452 which are in arrears in the advance payment of water rates levied or established by the
453 Contractor.

454 (c) With respect to subdivision (b) of this Article, the Contractor shall have no
455 obligation to require advance payment for water Rates which it levies.

456 CHARGES FOR DELINQUENT PAYMENTS

457 13. (a) The Contractor shall be subject to interest, administrative and penalty
458 charges on delinquent installments or payments. When a payment is not received by the due
459 date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond
460 the due date. When a payment becomes 60 days delinquent, the Contractor shall pay an
461 administrative charge to cover additional costs of billing and processing the delinquent payment.
462 When a payment is delinquent 90 days or more, the Contractor shall pay an additional penalty
463 charge of six percent per year for each day the payment is delinquent beyond the due date.

464 Further, the Contractor shall pay any fees incurred for debt collection services associated with a
465 delinquent payment.

466 (b) The interest charge rate shall be the greater of the rate prescribed quarterly
467 in the Federal Register by the Department of the Treasury for application to overdue payments,
468 or the interest rate of one-half of one percent per month prescribed by Section 6 of the
469 Reclamation Project Act of 1939 (Public Law 76-260). The interest charge rate shall be
470 determined as of the due date and remain fixed for the duration of the delinquent period.

471 (c) When a partial payment on a delinquent account is received, the amount
472 received shall be applied, first to the penalty, second to the administrative charges, third to the
473 accrued interest, and finally to the overdue payment.

474 QUALITY OF WATER

475 14. The operation and maintenance of Project facilities shall be performed in such
476 manner as is practicable to maintain the quality of raw water made available through such
477 facilities at the highest level reasonably attainable as determined by the Contracting Officer. The
478 United States does not warrant the quality of water and is under no obligation to construct or
479 furnish water treatment facilities to maintain or better the quality of water.

480 WATER AND AIR POLLUTION CONTROL

481 15. The Contractor, in carrying out this Settlement Contract, shall comply with all
482 applicable water and air pollution laws and regulations of the United States and the State of
483 California, and shall obtain all required permits or licenses from the appropriate Federal, State,
484 or local authorities.

485 EQUAL OPPORTUNITY

486 16. During the performance of this Settlement Contract, the Contractor agrees as
487 follows:

488 (a) The Contractor will not discriminate against any employee or applicant for
489 employment because of race, color, religion, sex, or national origin. The Contractor will take
490 affirmative action to ensure that applicants are employed, and that employees are treated during
491 employment, without regard to their race, color, religion, sex, or national origin. Such action
492 shall include, but not be limited to, the following: Employment, upgrading, demotion, or
493 transfer; recruitment or recruitment advertising; layoff or termination, rates of payment or other

494 forms of compensation; and selection for training, including apprenticeship. The Contractor
495 agrees to post in conspicuous places, available to employees and applicants for employment,
496 notices to be provided by the Contracting Officer setting forth the provisions of this
497 nondiscrimination clause.

498 (b) The Contractor will, in all solicitations or advertisements for employees
499 placed by or on behalf of the Contractor, state that all qualified applicants will receive
500 consideration for employment without discrimination because of race, color, religion, sex, or
501 national origin.

502 (c) The Contractor will send to each labor union or representative of workers
503 with which it has a collective bargaining agreement or other contract or understanding, a notice,
504 to be provided by the Contracting Officer, advising the said labor union or workers'
505 representative of the Contractor's commitments under Section 202 of Executive Order 11246 of
506 September 24, 1965, and shall post copies of the notice in conspicuous places available to
507 employees and applicants for employment.

508 (d) The Contractor will comply with all provisions of Executive Order No.
509 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of
510 the Secretary of Labor.

511 (e) The Contractor will furnish all information and reports required by said
512 amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or
513 pursuant thereto, and will permit access to its books, records, and accounts by the Contracting
514 Officer and the Secretary of Labor for purposes of investigation to ascertain compliance with
515 such rules, regulations, and orders.

516 (f) In the event of the Contractor's noncompliance with the nondiscrimination
517 clauses of this Settlement Contract or with any of the said rules, regulations, or orders, this
518 Settlement Contract may be canceled, terminated, or suspended, in whole or in part, and the
519 Contractor may be declared ineligible for further Government contracts in accordance with
520 procedures authorized in said amended Executive Order, and such other sanctions may be
521 imposed and remedies invoked as provided in said Executive Order, or by rule, regulation, or
522 order of the Secretary of Labor, or as otherwise provided by law.

523 (g) The Contractor will include the provisions of paragraphs (a) through (g) in
524 every subcontract or purchase order unless exempted by the rules, regulations, or orders of the
525 Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such
526 provisions will be binding upon each subcontractor or vendor. The Contractor will take such
527 action with respect to any subcontract or purchase order as may be directed by the Secretary of
528 Labor as a means of enforcing such provisions, including sanctions for noncompliance:
529 Provided, however, that in the event the Contractor becomes involved in, or is threatened with,
530 litigation with a subcontractor or vendor as a result of such direction, the Contractor may request
531 the United States to enter into such litigation to protect the interests of the United States.

532 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

533 17. Omitted.

534 MINGLING OF CONTRACTOR'S PROJECT AND NON-PROJECT WATER

535 18. Omitted.

536 BOOKS, RECORDS, AND REPORTS

537 19. The Contractor shall establish and maintain accounts and other books and records
538 pertaining to administration of the terms and conditions of this Settlement Contract, including:
539 the Contractor's financial transactions, water supply data, and Project land and right-of-way
540 agreements; the water users' land-use (crop census), land ownership, land-leasing and water use
541 data; and other matters that the Contracting Officer may require. Reports thereon shall be
542 furnished to the Contracting Officer in such form and on such date or dates as the Contracting
543 Officer may require. Subject to applicable Federal laws and regulations, each party to this
544 Settlement Contract shall have the right during office hours to examine and make copies of each
545 other's books and official records relating to matters covered by this Settlement Contract.

546 CHANGE OF PLACE OF USE

547 20. Unless the written consent of the United States is first obtained no change shall be
548 made in the place of water use shown on Exhibit B.

549 CONSOLIDATION OF CONTRACTING ENTITIES

550 21. Omitted

551 NOTICES

552 22. Any notice, demand, or request authorized or required by this Settlement Contract
553 shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid,
554 or delivered to the Area Manager, Northern California Area Office, Bureau of Reclamation,
555 16349 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the United
556 States, when mailed, postage prepaid, or delivered to John A. Driver and Clare M. Driver,
557 Trustees of the John A. and Clare M. Driver Family Revocable Trust, 20528 Cranmore Road,
558 Knights Landing, California 95645. The designation of the addressee or the address may be
559 changed by notice given in the same manner as provided in this Article for other notices.

560 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

561 23. (a) The provisions of this Settlement Contract shall apply to and bind the
562 successors and assigns of the parties hereto, but no assignment or transfer of this Settlement

563 Contract or any right or interest therein shall be valid until approved in writing by the
564 Contracting Officer.

565 (b) The assignment of any right or interest in this Settlement Contract by
566 either party shall not interfere with the rights or obligations of the other party to this Settlement
567 Contract absent the written concurrence of said other party.

568 (c) The Contracting Officer shall not unreasonably condition or withhold his
569 approval of any proposed assignment.

570 OFFICIALS NOT TO BENEFIT

571 24. No Member of or Delegate to Congress, Resident Commissioner, or official of the
572 Contractor shall benefit from this Settlement Contract other than as a water user or landowner in
573 the same manner as other water users or landowners.

574 CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS

575 25. The expenditure or advance of any money or the performance of any obligation of
576 the United States under this Settlement Contract shall be contingent upon appropriation or
577 allotment of funds. Absence of appropriation or allotment of funds shall not relieve the
578 Contractor from any obligations under this Settlement Contract. No liability shall accrue to the
579 United States in case funds are not appropriated or allotted.

580 CONFIRMATION OF SETTLEMENT CONTRACT

581 26. The Contractor, after the execution of this Settlement Contract, shall promptly
582 seek to secure a decree of a court of competent jurisdiction of the State of California, if
583 appropriate, confirming the execution of this Settlement Contract. The Contractor shall furnish
584 the United States a certified copy of the final decree, the validation proceedings, and all pertinent
585 supporting records of the court approving and confirming this Settlement Contract, and
586 decreeing and adjudging it to be lawful, valid, and binding on the Contractor. This Settlement
587 Contract shall not be binding on the United States until such final decree has been secured.

588 UNAVOIDABLE GROUNDWATER PERCOLATION

589 27. Omitted

590 PRIVACY ACT COMPLIANCE

591 28. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a)
592 (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et
593 seq.) in maintaining Landholder acreage certification and reporting records, required to be
594 submitted to the Contractor for compliance with Sections 206 and 228 of the Reclamation
595 Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.18.

596 (b) With respect to the application and administration of the criminal penalty
597 provisions of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's employees
598 responsible for maintaining the certification and reporting records referenced in (a) above are
599 considered to be employees of the Department of the Interior. See 5 U.S.C. 552a(m).

600 (c) The Contracting Officer or a designated representative shall provide the
601 Contractor with current copies of the Interior Department Privacy Act regulations and the Bureau
602 of Reclamation Federal Register Privacy Act System of Records Notice (Acreage Limitation--
603 Interior, Reclamation-31) which govern the maintenance, safeguarding, and disclosure of
604 information contained in the Landholder's certification and reporting records.

605 (d) The Contracting Officer shall designate a full-time employee of the
606 Bureau of Reclamation to be the System Manager who shall be responsible for making decisions
607 on denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The
608 Contractor is authorized to grant requests by individuals for access to their own records.

609 (e) The Contractor shall forward promptly to the System Manager each
610 proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed
611 under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System
612 Manager with information and records necessary to prepare an appropriate response to the
613 requester. These requirements do not apply to individuals seeking access to their own
614 certification and reporting forms filed with the Contractor pursuant to 43 CFR 426.18, unless the
615 requester elects to cite the Privacy Act as a basis for the request.

616 WATER CONSERVATION

617 29. (a) Prior to the diversion of Project Water, the Contractor shall be
618 implementing an effective water conservation and efficiency program based on the Basin-Wide
619 Water Management Plan and/or Contractor's water conservation plan that has been determined
620 by the Contracting Officer to meet the conservation and efficiency criteria for evaluating water
621 conservation plans established under Federal law. The water conservation and efficiency
622 program shall contain definite water conservation objectives, appropriate economically feasible
623 water conservation measures, and time schedules for meeting those objectives. Continued
624 diversion of Project Water pursuant to this Settlement Contract shall be contingent upon the
625 Contractor's continued implementation of such water conservation program. In the event the
626 Contractor's water conservation plan or any revised water conservation plan completed pursuant

627 to subdivision (d) of Article 29 of this Settlement Contract have not yet been determined by the
628 Contracting Officer to meet such criteria, due to circumstances which the Contracting Officer
629 determines are beyond the control of the Contractor, Project Water deliveries shall be made
630 under this Settlement Contract so long as the Contractor diligently works with the Contracting
631 Officer to obtain such determination at the earliest practicable date, and thereafter the Contractor
632 immediately begins implementing its water conservation and efficiency program in accordance
633 with the time schedules therein.

634 (b) The Contractor shall submit to the Contracting Officer a report on the
635 status of its implementation of the water conservation plan on the reporting dates specified in the
636 then existing conservation and efficiency criteria established under Federal law.

637 (c) At 5-year intervals, the Contractor shall revise its water conservation plan
638 to reflect the then current conservation and efficiency criteria for evaluating water conservation
639 plans established under Federal law and submit such revised water management plan to the
640 Contracting Officer for review and evaluation. The Contracting Officer will then determine if
641 the water conservation plan meets Reclamation's then current conservation and efficiency
642 criteria for evaluating water conservation plans established under Federal law.

643 (d) If the Contractor is engaged in direct ground-water recharge, such activity
644 shall be described in the Contractor's water conservation plan.

645 OPINIONS AND DETERMINATIONS

646 30. (a) Where the terms of this Settlement Contract provide for actions to be
647 based upon the opinion or determination of either party to this Settlement Contract, said terms
648 shall not be construed as permitting such action to be predicated upon arbitrary, capricious, or
649 unreasonable opinions or determinations. Both parties, notwithstanding any other provisions of

650 this Settlement Contract, expressly reserve the right to seek relief from and appropriate
651 adjustment for any such arbitrary, capricious, or unreasonable opinion or determination. Each
652 opinion or determination by either party shall be provided in a timely manner. Nothing in
653 subdivision (a) of Article 30 of this Settlement Contract is intended to or shall affect or alter the
654 standard of judicial review applicable under Federal law to any opinion or determination
655 implementing a specific provision of Federal law embodied in statute or regulation.

656 (b) The Contracting Officer shall have the right to make determinations
657 necessary to administer this Settlement Contract that are consistent with the provisions of this
658 Settlement Contract, the laws of the United States and of the State of California, and the rules
659 and regulations promulgated by the Secretary of the Interior. Such determinations shall be made
660 in consultation with the Contractor to the extent reasonably practicable.

661 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

662 31. (a) In addition to all other payments to be made by the Contractor pursuant to
663 this Settlement Contract, the Contractor shall pay to the United States, within 60 days after
664 receipt of a bill and detailed statement submitted by the Contracting Officer to the Contractor for
665 such specific items of direct cost incurred by the United States for work requested by the
666 Contractor associated with this Settlement Contract plus indirect costs in accordance with
667 applicable Bureau of Reclamation policies and procedures. All such amounts referred to in this
668 Article shall not exceed the amount agreed to in writing in advance by the Contractor. This
669 Article shall not apply to costs for routine contract administration.

670 (b) All advances for miscellaneous costs incurred for work requested by the
671 Contractor pursuant to Article 31 of this Settlement Contract shall be adjusted to reflect the
672 actual costs when the work has been completed. If the advances exceed the actual costs incurred,

673 the difference will be refunded to the Contractor. If the actual costs exceed the Contractor's
674 advances, the Contractor will be billed for the additional costs pursuant to Article 31 of this
675 Settlement Contract.

676 WAIVER OF DEFAULT

677 32. The waiver by either party to this Settlement Contract as to any default shall not
678 be construed as a waiver of any other default or as authority of the other party to continue such
679 default or to make, do, or perform, or not to make, do, or perform, as the case may be, any act or
680 thing which would constitute a default.

681 CONTRACT ASSIGNMENT OR TERMINATION UPON TRANSFER OF LAND

682 33. (a) The rights and obligations of the Contractors may be transferred in
683 connection with the transfer of title to the land or any portion thereof delineated on Exhibit B on
684 the following terms and conditions:

685 (1) A voluntary inter vivos transfer may be made, upon mutual
686 agreement of the United States and the Contractors, to a person eligible to hold title to the land as
687 a nonexcess landowner; and

688 (2) In the event the title of the Contractors to such land, or any portion
689 thereof, is transferred by operation of law, such as by conveyance in satisfaction of a mortgage,
690 by inheritance, or by device, the rights and obligations of the Contractors shall pass with the title
691 and the land shall be subject to provisions of Reclamation law pertaining to such transfers. Any
692 transfer of the rights and obligations of this Settlement Contract by the person acquiring title by
693 operation of law shall be in accordance with provisions of subsection (1) above.

694 (b) The Contractors shall notify the Contracting Officer in writing of any
695 proposed transfer of this Settlement Contract. In addition, in the case of a partial assignment the
696 Contractors shall:

697 (1) Designate the proportionate quantities of Base Supply and Project
698 Water which they desire to assign; and

699 (2) Furnish the United States with a copy of the deed transferring title.

700 (c) No transfer of this Settlement Contract shall be effective unless and until
701 approved by the Contracting Officer, and, if approved, shall be effective from the date of such
702 approval.

703 (d) Upon mutual agreement between the United States and the Contractor, this
704 Settlement Contract or a portion thereof may be terminated and the new landowner will have the
705 privilege of entering into a Settlement Contract for water service for a proportionate share of the
706 Contract Total provided he is duly qualified to receive water for such land.

707 TERMINATION

708 34. This Settlement Contract will terminate upon mutual agreement of the parties
709 prior to the end of the term or any renewal thereof.

710 IN WITNESS WHEREOF, the parties hereto have executed this Settlement

711 Contract as of the day and year first hereinabove written.

712 THE UNITED STATES OF AMERICA

713 By: _____
714 Regional Director, Mid-Pacific Region
715 Bureau of Reclamation

716 (SEAL)

717 JOHN A. AND CLARE M. DRIVER FAMILY
718 REVOCABLE TRUST

719 _____
720 John A. Driver, Trustee

721 _____
722 Clare M. Driver, Trustee

723 (I:\04-04-03 Driver, John A. and Clare M. -1314A-R-1 Final Draft Contract with exhibits.doc)

Exhibit A

John A. Driver and Clare M. Driver,
Trustees of the John A. and Clare M. Driver Family Revocable Trust
Sacramento River

SCHEDULE OF MONTHLY DIVERSIONS OF WATER

	<u>Base Supply</u> (acre-feet)	<u>Project Water</u> (acre-feet)	<u>Contract Total</u> (acre-feet)
April	<u>10</u>	<u>0</u>	<u>10</u>
May	<u>40</u>	<u>0</u>	<u>40</u>
June	<u>40</u>	<u>10</u>	<u>50</u>
July	<u>20</u>	<u>30</u>	<u>50</u>
August	<u>20</u>	<u>20</u>	<u>40</u>
September	<u>10</u>	<u>20</u>	<u>30</u>
October	<u>10</u>	<u>0</u>	<u>10</u>
Total	<u>150</u>	<u>80</u>	<u>230</u>

Irrigable Acres: 84

Points of Diversion: 36.45L and 36.7L

Dated:

Exhibit B

(Map to be inserted to identify area covered by contract)

John A. Driver and Clare M. Driver,
Trustees of the John A. and Clare M. Driver Family Revocable Trust
Sacramento River

Exhibit C

Omitted

Exhibit D
John A. Driver and Clare M. Driver,
Trustees of the John A. and Clare M. Driver Family Revocable Trust
 Sacramento River
WATER RATES AND CHARGES

Note: Rates and Charges shown are 2003 rates. This exhibit will be updated prior to execution of the contract to reflect the Rates and Charges for 2004.

COST OF SERVICE RATES:	<u>Per Irrigated Acre</u>
Capital Rates	
Storage	\$3.45
O&M Rates:	
Water Marketing	\$5.98
Storage	\$5.30
Deficit Rates:	
Interest Bearing	\$0.00
CFO/PFR Adjustment Rate 1/	\$1.11
TOTAL	\$15.84

FULL-COST RATES:

Section 202(3) Rate is applicable to a Qualified Recipient or to a Limited Recipient receiving irrigation water on or before October 1, 1981.	\$21.64
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Section 205(a)(3) Rate is applicable to a Limited Recipient that did not receive irrigation water on or before October 1, 1981.	\$24.10
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CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 2/

Restoration Payments (3407(d)(2)(A))	\$7.32
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1/ Chief Financial Officer (CFO) adjustment and Provision for Replacement (PFR) expense is being distributed over a 5-year period beginning in FY 2003 for those contractors that requested those costs be deferred.

2/ Restoration fund charges are payments in addition to the water rates and were determined pursuant to Title XXXIV of Public Law 102-575. Restoration fund charges are on a fiscal year basis (10/1 - 9/30).